

Executive

In House Finance and Appropriations

Personal Income Tax

TAXCD6 Industrial Technology and Enterprise Advisory Council Terminated; Technology Investment Tax Credits Eliminated

R.C. 121.22, 122.30, 122.28, 122.31 - 122.36, 5733.01, 5733.06, 5733.98, 5747.98, Sections 803.10, 815.10, Repealed: R.C. 122.15, 122.151 - 122.154, 122.29, 5707.05, 5727.41, 5733.35, 5747.33

R.C. 121.22, 122.30, 122.28, 122.31 - 122.36, 5733.01, 5733.06, 5733.98, 5747.98, Sections 803.10, 815.10, Repealed: R.C. 122.15, 122.151 - 122.154, 122.29, 5707.05, 5727.41, 5733.35, 5747.33

(1) Terminates the Industrial Technology and Enterprise Advisory Council, which was created to assist the Director of Development Services in reviewing applications for, and making recommendations regarding, technology investment tax credits and other technology and enterprise development assistance programs.

(1) Same as the Executive.

(2) Eliminates the Technology Investment Tax Credit program, which was established to benefit Ohio taxpayers who invest in certain research and development or technology-oriented businesses. Permits an investor who is issued a tax credit certificate prior to the repeal of the Technology Investment Tax Credit program to claim that credit.

(2) Same as the Executive.

Fiscal effect: Minimal reduction in DSA administrative expenditures for SSR Fund 4S00 appropriation item 195630, Tax Incentive Programs. According to estimates from the Executive Budget, eliminating the Technology Investment tax credit (“Edison Center” tax credit) is presumed to have no revenue impact due to the expected full utilization of the program’s authorized tax credits as of November 2012; all previously authorized credits will be honored.

Fiscal effect: Same as the Executive.

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TAXCD53 Online Registration for Electronic Income Tax Filing

No provision.

R.C. 5703.059

Requires the Department of Taxation, beginning July 1, 2014, to publish a method of online registration for electronic income tax filing that is accessible to all individuals, trusts, and pass-through entities required to file income tax returns.

Fiscal effect: Currently, the Department requires first time taxpayers to fax a copy of the taxpayer's social security card or IRS ITIN assignment letter and at least one additional piece of identification that includes the taxpayer's date of birth in order to file electronically over the Internet. This provision may result in an increase in Department of Taxation costs to verify identities of filers.

TAXCD8 \$1 Minimum for Tax Payments and Refunds; Interest on Income Tax Refunds

R.C. 5703.75, 5747.08, 5747.10, 5747.11

(1) Excuses the Tax Commissioner from issuing any tax refund if the amount of the refund is \$1 or less, and excuses taxpayers from paying a tax if the total amount due with the taxpayer's return is \$1 or less (current law has a comparable \$1 minimum provision that applies only to the personal income tax and the taxes subject to pass-through entity withholding).

(2) Removes a current law provision that specifies that, when an income taxpayer is allowed interest on a refund of amounts overpaid as the result of an illegal or erroneous Department of Taxation assessment, the interest accumulates from the date the taxpayer paid the illegal or

R.C. 5703.75, 5747.08, 5747.10, 5747.11

(1) Same as the Executive.

(2) Same as the Executive.

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erroneous assessment until the date the refund is paid.
 (3) Removes a provision of current law that provides that, when an income taxpayer is allowed interest on a refund of amounts overpaid on a tax return (and not as the result of an illegal or erroneous assessment), the interest accumulates during the period beginning 90 days after the return was filed and ending the date the refund is paid. (Another provision of the same law, retained under this provision, provides that the interest on a refund of any income tax overpayment accumulates from the date of overpayment until the date the refund is paid, unless the refund is paid within 90 days after the last date for filing a tax return, in which case no interest is allowed.)

(3) Same as the Executive.

Fiscal effect: Minimal revenue gain for the GRF.

Fiscal effect: Same as the Executive.

TAXCD29

Definition of Related Entity in Tax Code

R.C. 5733.04

Simplifies the definition of "related entity" and clarifies that a pass-through entity may qualify as a related entity under the tax code. ("Related entity" is used in various contexts in the tax code to refer to one of multiple entities that are related by ownership either directly or indirectly through other entities. For example, the term is used to preclude a business from counting payments to a related company toward the business's minimum capital investment to qualify for the job retention tax credit, and to permit taxpayers receiving a research and development loan payment credit to assign the credit to related companies.)

No provision.

Fiscal effect: This change does not appear to have a fiscal effect.

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TAXCD34 Ohio Small Business Investor Income Tax Deduction

R.C. *5747.01, 5747.21, 5747.22, 5748.01, Section 803.80, Repealed: R.C. 5747.211*

Permits individuals who have income from a trade or business to deduct one-half of the net business income apportioned to Ohio in computing Ohio taxable income for state (but not school district) income tax purposes. Sets a maximum deduction for a married couple filing separate returns at \$187,500 for each spouse. Sets a maximum deduction for single filers or joint filers at \$375,000. Does not permit pass-through entities, trusts, or estates to claim the deduction.

No provision.

Fiscal effect: Estimates in OBM's Bluebook show these deductions reducing personal income tax revenue by between \$600 million and \$650 million per year. These figures are on an all-funds basis, and imply GRF revenue losses of approximately \$580 million to \$630 million per year.

TAXCD36 Repeal of Income Tax Deduction for Wagering Losses

R.C. *5747.01, Section 803.80*

Repeals the Ohio income tax deduction for any loss from wagering transactions that is allowed as an itemized deduction for federal income tax purposes (i.e., losses deducted only to the extent of the gains from such transactions) and that the taxpayer deducted in computing federal taxable income.

No provision.

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Fiscal effect: Estimates in the Tax Expenditure Report show elimination of the income tax deduction for wagering losses would increase personal income tax revenue to the GRF by \$29.0 million per year.

TAXCD58

NOAA and PHS Commissioned Corps Retirement Pay Deduction

No provision.

R.C. 5747.01, Section 803.80

Authorizes an income tax deduction for retirement pay related to service in the Commissioned Corps of the National Oceanic and Atmospheric Administration (NOAA) and the Commissioned Corps of the Public Health Service (PHS). (Continuing law allows a deduction for retirement pay for service in the United States Army, Navy, Air Force, Coast Guard, or Marine Corps or the National Guard, including any reserve components)

Fiscal effect: GRF revenue loss of \$235,000 from the personal income tax each year that NOAA and PHS retirement benefits are exempted.

TAXCD33

Income Tax Rate Reduction

R.C. 5747.02, Section 803.80

Reduces the income tax rates for all individuals, estates, and trusts and across all income brackets by 7.5% in 2013, 15% in 2014, and 20% in 2015 and thereafter.

Fiscal effect: Estimates in OBM's Bluebook show these rate cuts reducing personal income tax revenue by \$1.04 billion in FY 2014, \$2.08 billion in FY 2015, and \$2.15 billion in FY 2016. These figures are on an all-funds basis, and imply GRF revenue losses of approximately \$1.00 billion, \$2.01 billion, and \$2.08 billion, respectively, in those years.

R.C. 5747.02, Section 803.80

Replaces the reduction in income tax rates proposed by the Executive with a reduction of 7% in the rates in all brackets in tax year 2013 and thereafter.

Fiscal effect: Reduces GRF tax revenue by an estimated \$691 million in FY 2014 and \$727 million in FY 2015. Reduces distributions to the Local Government Fund by an estimated \$12 million and \$13 million, respectively, in these years. Reduces distributions to the Public Library Fund by about the same amounts in each of these years.

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TAXCD39 Timing of Annual Income Tax Inflation Adjustments

R.C. *5747.02, 5747.025, Section 803.80*

Reconciles a timing issue related to the annual inflation indexing adjustment of income tax brackets and personal exemption amounts by requiring that the Tax Commissioner adjust both items, and calculate the factor used to make the adjustments, in August. Current law requires the Commissioner to adjust the tax brackets each July, but does not require the Commissioner to compute the adjustment factor (the percentage by which the federal gross domestic product deflator increased during a calendar year), or to adjust personal exemption amounts, until September.

Fiscal effect: None.

R.C. *5747.02, 5747.025, Section 803.80*

Same as the Executive.

Fiscal effect: Same as the Executive.

TAXCD35 Elimination of Personal Exemption "Double-Dipping"

R.C. *5747.025, 5747.022, Section 803.80*

Prohibits an individual taxpayer from claiming a personal exemption or a personal exemption credit on his or her income tax for any taxable year in which another taxpayer may claim the individual as a dependent.

Fiscal effect: Estimates in OBM's Bluebook and in the Tax Expenditure Report imply that elimination of duplicate personal exemption claims would increase personal income tax revenue to the GRF by \$3.7 million per year.

R.C. *5747.025, 5747.022, Section 803.80*

Same as the Executive.

Fiscal effect: Same as the Executive.

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TAXCD38 Income Tax Apportionment Clarification**R.C. 5747.05, Section 803.80**

Clarifies that nonresident taxpayers receive an income tax credit equal to the amount of tax otherwise due on the portion of adjusted gross income not allocable or apportionable to Ohio. (Current law uses the term "allocable," but not "apportionable." The income apportionment provisions in R.C. 5747.20 to 5747.23 use both terms.)

Fiscal effect: None.

No provision.

TAXCD37 Composite Income Tax Returns of Pass-Through Entities**R.C. 5747.08, Section 803.80**

Specifies that any investor in a pass-through entity on whose behalf the entity files a composite return and pays tax may file an individual return and claim the refundable credit for taxes the entity paid on the investor's behalf — including nonresident investors with no other Ohio-source income who currently are not required or permitted to file an individual return if the entity files a composite return. (Currently, investors who are Ohio residents or who are nonresidents with other Ohio-source income, and on whose behalf the pass-through entity files a composite return (IT 4708), may file an individual return and claim the credit, but nonresident investors with no other Ohio-source income may not).

R.C. 5747.08, Section 803.80

Same as the Executive.

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Fiscal effect: Revenue loss of undetermined magnitude. When a composite return is filed, all the income of investors included in the return is taxed at the highest marginal tax rate (5.925%) and the investors are not allowed the personal and dependent exemptions or the \$20 exemption credit; the only credits available to them are business-related credits (which do not include the nonresident credit). Also, net operating loss carryforwards are not reflected in the composite return as they are on an individual investor's return. By filing an individual return, an investor is able to claim the personal and dependent exemptions (or \$20 credit), claim any nonbusiness credits otherwise available to the investor, reflect net operating loss carryforwards in Ohio taxable income, and pay tax on the basis of a lower net effective tax rate because not all the investor's taxable income is taxed at the highest rate as it is in the composite return. When the individual return is filed, the investor also may claim a refundable credit for the investor's share of the tax the entity paid with the composite return which yields a refund to the extent the investor's share of the composite tax exceeds the investor's tax computed on an individualized basis.

Fiscal effect: Same as the Executive.

TAXCD3 Requests for Alternative Apportionment of Income

R.C. 5747.21

(1) Requires nonresident taxpayers and pass-through entities petitioning the Tax Commissioner for alternative apportionment of Ohio-sourced income to submit the request with a timely filed return or timely filed amended return, which contrasts with current law that does not expressly mandate that the return or amended return be timely filed.

R.C. 5747.21

(1) Same as the Executive.

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(2) Clarifies that taxpayers and pass-through entities may request another method to effectuate an equitable allocation and apportionment of business in the state, which contrasts with current law that references only equitable allocation.

(2) Same as the Executive.

Fiscal effect: None.

Fiscal effect: Same as the Executive.

TAXCD27 Change in Name of Fund

R.C. *5747.113*

Changes the name of the Litter Control and Natural Resource Tax Administration Fund (Fund 4370) to the Income Tax Contribution Fund.

R.C. *5747.113*

Same as the Executive.

Fiscal effect: None. Fund 4370 is credited with a portion of the money received by four existing income tax contribution funds to pay the Department of Taxation's costs for administering the income tax contribution system. Under the refund "check-off" system, a taxpayer may contribute a portion of the taxpayer's refund for up to four designated purposes.

Fiscal effect: Same as the Executive.

Sales and Use Taxes

TAXCD19 Sales and Use Tax Base Expansion and Rate Decrease

R.C. *5739.01, 5739.02, 5939.011, 122.175, 351.12, 3951.01, 4719.01, 5727.01, 5741.01, and 5741.02, Section 803.70*

Lowers the rate of the state sales and use tax from 5.5% to 5% beginning September 1, 2013.

No provision.

Subjects the sale or use of services to state and county sales and use taxation beginning September 1, 2013,

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unless the sale or use is expressly exempt under the bill or continuing law. (Current law generally exempts the sale or use of services, although the sale or use of certain, enumerated services e.g., repair or installation services, laundry and dry cleaning services, private investigation and security services, etc. is taxed).

Exempts the following services from sales and use taxation: (1) medical and health care services, (2) educational and tutoring services, (3) real property construction services, (4) residential leases and rentals, (5) adult and child day-care services, (6) social assistance services, (7) residential trash pick-up and disposal, (8) services used directly in the production of tangible personal property by mining, (9) the purchase of insurance by a consumer, (10) services rendered by an employer's employees within the employment relationship, and (11) funeral services, except for retail sales taxable under 5739.02 and 5741.02 (Continuing law exempts sales of services to the state, a political subdivision, or a non-profit organization).

No provision.

Repeals the exemption for the sale or use of magazine subscriptions beginning September 1, 2013.

No provision.

Subjects specifically the sale or use of intangible property, electronically transferred digital audio or audiovisual works, and electronically transferred digital books to sales and use taxation beginning September 1, 2013.

No provision.

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Fiscal effect: The executive estimates the expansion of the sales and use tax base to include a broad category of services and the repeal of the exemption for magazine subscriptions (at the new 5.0% state tax rate) would yield additional net GRF revenue of \$1,278.2 million in FY 2014 and \$1,738.4 million in FY 2015. More specifically, the sales tax base expansion, including digital goods and services, would increase GRF revenue by \$1,871.3 million and \$2,577.4 million in FY 2014 and FY 2015, respectively. The revenue gain from the taxation of digital products would be \$14.5 million each year of the biennium. The repeal of the sales tax exemption for magazine subscriptions would produce additional GRF receipts of \$7.2 million per fiscal year; and the reduction of the state sales tax rate to 5.0%, down from 5.5%, would reduce GRF revenue by \$600.3 million in FY 2014, and \$846.2 million in FY 2015.

TAXCD60 Sales and Use Tax and Lodging Tax on Hotel Intermediaries

R.C. *5739.01, 5739.081, 5739.09, 5739.12, 5741.01, and 5741.12*

No provision.

Specifies that a hotel intermediary—i.e., a person that offers discounts to transient guests on lodging in hotels over a web site or through other means—is presumed to have "substantial nexus" with Ohio if the intermediary furnishes lodgings to hotels located in Ohio, therefore requiring such intermediaries to register with the Tax Commissioner and collect and remit use tax.

No provision.

Requires counties, townships, or municipal corporations, before amending or enacting any lodging tax ordinances or resolutions, to impose the tax on the fees paid by a transient guest to a hotel intermediary for the intermediary's services.

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No provision.

Requires that, if a hotel intermediary does not collect and remit the full amount of sales and use tax to the state or lodging tax to the local government, the hotel is to attempt to collect the balance from the guest.

Fiscal effect: Potential increase in state and local sales and use tax revenues. Potential increase in lodging tax revenues.

TAXCD21

County and Transit Authority Sales and Use Tax Changes

R.C. *5739.021, 5739.023, 5739.026, 5739.0211, 5739.21, 5739.211, 333.01, 5741.02, 5741.021, 5741.022, 5741.023, 5741.05, and Section 812.10*

Suspends authority for counties and transit authorities to increase their sales and use tax rates from July 2013 through June 2016.

No provision.

Reduces existing sales and use tax rates for each county and transit authority beginning September 1, 2013, which coincides with the date the sales and use tax base is expanded to include most services, through at least June 2016. Specifies rate reductions in ORC 5739.0211.

No provision.

Prescribes increases in sales and use tax distributions to each county and transit authority of at least 10% from December 2013 through November 2014 and of at least 15.5% from December 2014 through June 2015; if the actual increase in local collections (as affected by the reduced rates) exceeds the prescribed increase, the county or transit authority receives the actual collection increase.

No provision.

States that if a county or transit authority experienced annual growth in its actual collections greater than 10% in the three years before the rate is reduced (i.e., taxes levied

No provision.

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between October 2010 to September 2013, which are distributed between December 2010 and November 2013), distributions from December 2013 through November 2014 are increased by that percentage instead of 10%.

Requires that if annual growth in actual collections in those three years, plus 5.5%, exceeds 15.5%, distributions from December 2014 through June 2015 are increased by the sum of 5.5% plus the growth in actual collections instead of 15.5%.

Specifies that computation of the base revenue to which the growth percentages are applied is to disregard revenue increases resulting from a county or transit authority that increases its tax rate on July 1, 2013.

Requires that beginning July 2016, when local authority to increase local sales and use tax resumes, the maximum authorized county and transit tax rate (each currently 1.5%) will be reduced by the percentage by which the county experiencing the least reduction was reduced after the adjustments and recalibrations between September 2013 and June 2016.

Reduces the minimum tax rate increment from the current 0.25% to 0.05%. (Current law requires voter approval for transit authority levies. County levies require voter approval unless the levy is for the general fund or for "criminal and administrative justice services" (courts, prosecutor, sheriff, coroner, detention facilities). Counties may levy the tax for nine other specific purposes, alone or in combination with each other or the general fund, with prior voter approval.)

Recalibrates the rates in April 2015 and April 2016 to reflect the impact of base expansion on actual county and transit authority tax collections after incorporating

No provision.

No provision.

No provision.

No provision.

No provision.

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prescribed revenue increase percentage.

Fiscal effect: The bill offsets some of the revenue increase that would otherwise ensue from the sales tax base expansion. However, revenue to counties and transit authorities is likely to grow due to the prescribed revenue growth ("guarantee") in the bill of at least 10% from December 2013 to November 2014, and 15.5% from December 2014 through June 2016. Based on CY 2012 distributions, a 10% growth guarantee may result in additional revenue of \$193 million to counties and transit authorities. A 15.5% growth may result in additional revenue of \$299 million.

TAXCD61 Out-of-State Seller Liability for Use Tax - Click-Thru Nexus

R.C. 5741.01, 5741.17

No provision.

Prescribes new criteria for determining whether sellers are presumed to have "substantial nexus" with Ohio and therefore required to register with the Tax Commissioner and collect and remit use tax.

No provision.

(1) Requires sellers using a place of business in Ohio operated by the seller or another person, other than a common carrier, to collect and remit use tax. (Current law includes such a seller if the place of business is operated by the seller, a franchisee, a member of an affiliated group, or an employee or agent of the seller.)

No provision.

(2) Requires collection and remittance of use tax from sellers that (a) regularly use employees or other agents and persons to conduct the seller's business; (b) use other persons using similar trademarks or trade names as the seller; or (c) use other persons that sell a similar line of products under a business with the same industry

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No provision.

classification of the seller (Current law includes only a seller that regularly employs or engages individuals in Ohio to conduct the seller's business.)

(3) Presumed to include a seller that uses any person, other than a common carrier, to receive or process orders, advertise, promote, or facilitate customer sales, perform customer maintenance, delivery, and installation services, or facilitate delivery by allowing Ohio customers to pick up property sold by the seller. (Current law includes a seller who uses a person in Ohio to receive or process the seller's orders.)

No provision.

(4) Presumed to include a seller that enters into an agreement with Ohio residents to refer potential customers to the seller for consideration if gross sales by the seller in Ohio exceeded \$10,000 during the preceding 12 months.

No provision.

(5) Excludes members of an affiliated group if at least one member of the group has substantial nexus with Ohio. (Current law includes such members.)

No provision.

(6) Excludes a seller registered to do business in Ohio. (Current law includes such sellers, except for sellers registering with the streamlined sales tax central registration system.)

No provision.

(7) Excludes sellers that have any other contact with Ohio that forms the basis of substantial nexus as allowed under the United States Constitution's Commerce Clause. (Current law includes such sellers.)

No provision.

(8) Allows a seller presumed to have substantial nexus with Ohio to rebut that presumption by demonstrating that the activities conducted by a person on the seller's behalf are not significantly associated with the seller's ability to establish or maintain an Ohio market for the seller's sales.

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No provision.

(9) Requires a person or that person's affiliates, before the person sells or leases tangible personal property or services to a state agency, to register with the Tax Commissioner and collect and remit use tax.

Fiscal effect: Potential increase in state and local sales and use tax revenues.

TAXCD42

Permissive Tax Supplement Fund

Section: 512.60

Creates the Permissive Tax Supplement Fund (Fund 5NB0) to receive amounts needed for supplemental permissive tax distributions to counties and transit authorities as prescribed in ORC 5739.21(B). Requires the Tax Commissioner to certify, by November 30, 2013, and July 15, 2014, the estimates of amounts needed in FY 2014 and FY 2015, respectively. Requires the Director of Budget and Management to transfer these amounts from the GRF. Specifies that, if additional amounts are needed, the certification may be updated, and requires the additional amounts to be transferred. By the fifteenth day of each month from December 2013 through June 2015, requires the Tax Commissioner to certify amounts needed to make the supplemental permissive tax distributions for that month, and the Director of Budget and Management to transfer those amounts from the Permissive Tax Supplement Fund to the Permissive Tax Distribution Fund (Fund 7063). Permits any balance in the Permissive Tax Supplement Fund on or after June 20, 2015, to be transferred by the Director of Budget and Management to the GRF.

Section: 512.60

Same as the Executive.

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Fiscal effect: Specifies the procedure for making the required payments.

Fiscal effect: Same as the Executive.

Commercial Activity Tax

TAXCD14 CAT Electronic Payment and Return Filing

R.C. *113.061, 5703.059, 5751.07, Section 803.90*

Requires that, beginning in 2014, taxpayers who pay the commercial activity tax (CAT) on a calendar year basis must make payments electronically and, if required by the Tax Commissioner, file electronic returns. (Continuing law already applies this requirement to quarterly taxpayers.)

Authorizes the Tax Commissioner to adopt rules governing the electronic payment of, and filing of returns for the CAT, and requires that electronic payments also comply with applicable rules adopted by the Treasurer of State.

Prescribes a minimum penalty for the failure to submit a CAT return or payment electronically equal to the greater of \$25 or 5% of the tax due for each of the first two violations and \$50 or 10% of the tax due for each subsequent violation. (Current law prescribes only the 5% and 10% penalties.)

Fiscal effect: None.

R.C. *113.061, 5703.059, 5751.07, Section 803.90*

Same as the Executive.

Same as the Executive.

Same as the Executive.

Fiscal effect: Same as the Executive.

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TAXCD7 Job Creation Credit Reporting Date for Home-Based Employees

R.C. 122.17, Section 815.10

Changes the annual date, from January 1 to March 1 of each year, by which a taxpayer that has entered into an agreement with the Tax Credit Authority on the basis of home-based employees must report to the Development Services Agency the number of employees and home-based employees employed by the taxpayer in Ohio.

Fiscal effect: None.

R.C. 122.17, Section 815.10

Same as the Executive.

Fiscal effect: Same as the Executive.

TAXCD18 Tax Commissioner's General Authority to Issue CAT Assessments

R.C. 5703.90, 5726.20, 5751.014

Authorizes the Tax Commissioner to issue an assessment for unpaid taxes, penalties, and interest against any person liable for the unpaid amount, including any person jointly and severally liable for a commercial activity tax liability incurred by the person's consolidated taxpayer group.

Fiscal effect: None.

R.C. 5703.90, 5726.20, 5751.014

Same as the Executive.

Fiscal effect: Same as the Executive.

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TAXCD55

Commercial Activity Tax Exclusion for Grain Handlers

No provision.

R.C. 5751.01, 803.90

Excludes from the taxable gross receipts base of the commercial activity tax receipts of licensed agricultural commodity handlers from the sale of agricultural commodities. (Under continuing law, agricultural commodities include grains such as barley, corn, oats, rye, grain sorghum, soybeans, wheat, sunflower, or speltz, or any other crop designated by the director of agriculture, excluding grains or other crops used for seed).

Fiscal effect: Decreases CAT revenue by up to \$11 million per year. Revenue decrease will vary based on changes to commodity prices. Under current law, the GRF receives 50% of CAT revenue; thus the GRF revenue loss would be \$5.5 million per year. The remaining revenue loss would accrue to the School District Tangible Property Tax Replacement Fund (Fund 7047, \$3.85 million) and the Local Government Tangible Property Tax Replacement Fund (Fund 7081, \$1.65 million). CAT receipts that are deposited into the local government funds are used to reimburse school districts and other units of local government for lost revenues from the phase-out and reductions in tangible personal property taxes. Current law requires a GRF subsidy if distributions to the funds are insufficient for the required reimbursements.

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**TAXCD20 Commercial Activity Tax Motor Fuel Revenue: Payment of Debt
Service of Local Infrastructure Bonds**

R.C. 5751.20, Section 757.20

Requires the Director of the Ohio Public Works Commission to certify for fiscal years 2013, 2014, and 2015 the amount of proceeds from bonds issued to finance or assist in the financing of the cost of local subdivision public infrastructure capital improvement projects (authorized by Sections 2k, 2m, and 2p of Article VIII, Ohio Constitution) that are attributable to costs for highway purposes.

Requires the Director of Budget and Management, on or before June 30 of each fiscal year, to determine an amount up to but not exceeding the amounts certified and reserve that amount from the cash balance in the commercial Activity Tax Motor Fuel Receipts Fund for transfer to the GRF at times and in amounts to be determined by the Director. Requires the Director of Budget and Management to transfer the cash balance in the Commercial Activity Tax Motor Fuel Receipts Fund in excess of the amount so reserved to the Highway Operating Fund on or before June 30 of each fiscal year.

Fiscal effect: None.

R.C. 5751.20, Section 757.20

Same as the Executive.

Same as the Executive.

Fiscal effect: Same as the Executive.

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Cigarette Taxes

TAXCD17 Cigarette Wholesaler Surety Bond Requirement

R.C. *5743.05, 5743.15, Section 812.10*

Requires, beginning on July 1, 2014, all wholesale dealers of cigarettes who purchase cigarette tax stamps on credit, instead of just dealers who have not been "in good credit standing" with the state during the previous five years as under current law, to post a surety bond guaranteeing payment for the stamps. Specifies that the Tax Commissioner may deny a wholesale dealer's annual license application if the dealer has not submitted any required information, returns, taxes, or fees due at the time of application.

No provision.

Fiscal effect: None.

Financial Institutions Tax

TAXCD15 Financial Institutions Tax Filing and Payment Rule

R.C. *113.061, 5703.059, Section 803.120*

Authorizes the Tax Commissioner to adopt rules governing both the electronic payment of, and filing of returns for, the financial institutions tax (FIT), and requires that electronic payments also comply with applicable rules adopted by the Treasurer of State. (Under continuing law, FIT taxpayers must pay the tax electronically and, if the Commissioner requires, file electronic returns.)

R.C. *113.061, 5703.059, Section 803.120*

Same as the Executive.

Fiscal effect: None.

Fiscal effect: Same as the Executive.

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Property Taxes and Transfer Fees

TAXCD57 Property Tax Exemption for Fraternal Organizations

No provision.

R.C. *5709.17*

Creates a tax exemption for real property held or occupied by fraternal organizations that qualify for tax exemption under section 501(c)(5), 501(c)(8), or 501(c)(10) of the Internal Revenue Code, provide financial support for charitable purposes, and have been operating in Ohio for at least 100 years. Specifies that to qualify for the exemption, the property must be used primarily for meetings and administration of the fraternal organization.

Fiscal effect: Tax revenue losses to school districts and other units of local government may total \$4.8 million or more. The cost estimate is based on a 2001 survey so may substantially understate the current cost. Revenue losses are limited by the requirement that qualifying fraternal organizations have operated in Ohio for at least 100 years, but could rise in the future as increasing numbers of groups satisfy this restriction.

TAXCD13 Property Tax Valuation of Gas and Condensate Reserves

R.C. *5713.051, 5713.05, Section 812.20*

Adjusts, for the purpose of property tax valuation, the calculation of the true value of gas reserves by valuing gas reserves according to its heat energy capacity as measured by BTU. Establishes, for the purpose of property tax valuation, a calculation of the true value of condensate reserves.

No provision.

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Fiscal effect: Increases property tax revenues for applicable taxing jurisdictions; the increase is predicated upon the incidence of the newly defined gas reserves and condensate.

TAXCD10 Equalizing and Regionalizing County Appraisal Cycles

R.C. 5715.33, 4503.06, 5713.01, 5715.24

(1) Authorizes the Tax Commissioner to shorten or extend the sexennial reappraisal or triennial reassessment cycle for real property in a county for the purpose of equalizing and regionalizing real property assessment cycles. Specifies that the Commissioner may not reschedule any reappraisal or reassessment required by law after tax year 2023 for this purpose.

(1) No provision.

(2) Specifies that mobile and manufactured homes taxed like real property are part of the same appraisal and assessment cycle as real property in the same county for the purpose of determining true value for the manufactured and mobile home tax.

(2) No provision.

Fiscal effect: Delaying or expediting the reappraisal and/or reassessment from its current schedule will delay or expedite the increase (presumably) of property valuations used for property tax purposes, which would delay or expedite the local revenue growth derived from unvoted (inside) millage and other levies that are not subject to tax reduction factors.

Executive

In House Finance and Appropriations

TAXCD59

Qualified Energy Project Tax Exemption

No provision.

R.C. *5727.75*

Extends by five years the deadlines by which the owner or lessee of a qualified energy project must submit a property tax exemption application, submit a construction commencement application, begin construction, and place into service an energy facility using renewable energy resources (wind, solar, biomass, etc.) or advanced energy technology (clean coal, advanced nuclear, or cogeneration) to qualify for an ongoing real and tangible personal property tax exemption.

Executive

In House Finance and Appropriations

Fiscal effect: Local taxing jurisdictions would receive less revenues from a given project, but in some cases, the revenue loss would be permissive. Qualified energy projects qualify for real and tangible personal property tax exemptions, but the qualified energy project is also required to pay annual service payments in lieu of taxes to the treasurer of the county where the facility is located in an amount equal to \$6,000 to \$8,000 per megawatt (MW) of name plate capacity. This service payment is shared by all taxing jurisdictions within the project area in the same manner that property tax collections would otherwise be allocated to counties, school districts, and local governments. The local county board of commissioners may require an additional \$1,000 to \$3,000 per megawatt payment beyond those required by the Revised Code, but the cumulative total of both service payments cannot exceed \$9,000 per megawatt. County governments will retain the ability to approve or deny the tax exemptions to these facilities as well as the option of negotiating an additional \$1,000 to \$3,000 payment made solely to their general fund, but school districts and other taxing jurisdictions within the county may lose local property tax revenues without their consent.

Other Taxation Provisions

TAXCD54 Cuyahoga County Alcoholic Beverage and Cigarette Taxes

No provision.

R.C. 307.673

Specifies that, for the purpose of an agreement to pledge tax revenue for the construction or renovation of a sports facility, tax revenue includes revenue from taxes levied by the legislative authority of a charter county (in addition to taxes levied by a board of county commissioners).

Executive

In House Finance and Appropriations

Fiscal effect: None. Under continuing law (R.C. 1.62), references in the Revised Code to county boards - such as the board of county commissioners - also refer to the board - such as a county council - of a charter county that under the charter exercises the same functions as a board of county commissioners.

TAXCD11 Horizontal Well Impact Fee

R.C. 1509.06, 321.49, 5705.27, 5705.32, 5705.37, 5705.52, Section 803.130

Requires, beginning January 1, 2014, a horizontal well owner, before beginning construction of a well pad as defined in the bill, to pay a \$25,000 fee to the county in which the well pad will be located.

No provision.

Requires an additional \$25,000 fee to be payable for each subsequent well drilled on the same pad, due before drilling begins.

No provision.

Requires county treasurers who receive fee payments to establish in the county treasury an Oil and Gas Escrow Fund, and to deposit into the fund such payments.

No provision.

Establishes a process whereby the county budget commission distributes the fees to all or some taxing units that levy a property tax in the taxing district in which the well will be located to defray costs incurred from the presence of the well.

No provision.

Requires taxing units that receive any portion of the fee to repay these amounts to the owners over subsequent fiscal years based on the amount of property tax the unit collects from the well.

No provision.

Executive

In House Finance and Appropriations

Fiscal effect: The \$25,000 fee could offset some of the cost that taxing units might incur for horizontal wells within their jurisdiction. However, taxing units that receive any portion of the fee are required to repay those amounts by reducing the well owners' property tax liabilities.

TAXCD9 Horizontal Well and Nonhorizontal Well Severance Taxes

R.C. *5749.02, 1502.02, 1509.34, 1509.50, 5703.052, 5703.21, 5749.01, 5749.03, 5749.031, 5749.06 - 5749.15, 5749.17, Sections 803.120, 812.20, 815.10, Repealed: 1509.50*

R.C. *1509.50, 5749.06*

Credits revenue from the oil and gas severance tax to the newly created Severance Tax Receipts Fund, and requires the OBM Director to make quarterly transfers to the GRF for an amount equal to total receipts less refunds.

Same as the Executive, except the OBM Director will make the quarterly transfers to the Oil and Gas Well Fund as opposed to the GRF, and the Severance Tax Receipts Fund will also receive deposits from oil and gas cost recovery assessments.

Distinguishes between "horizontal" wells and "nonhorizontal" wells for the purpose of levying special tax rates on severances of oil, gas, and condensate from horizontal wells beginning on October 1, 2013. Modifies tax rates on horizontal wells and nonhorizontal wells as follows:

No provision.

(1) For oil and condensate extracted from a horizontal well, the tax is 1.5% of the spot market value of the oil or condensate for the first five quarters in which a well produces, and 4% thereafter;

(1) No provision.

(2) For gas extracted from a horizontal well, the tax varies based upon the British Thermal Unit (BTU) measurement. The tax on gas with a BTU measurement of 1,050 per cubic foot or less is 1% of the spot market value of gas times volume extracted. For gas with a BTU measurement

(2) No provision.

Executive

In House Finance and Appropriations

above 1,050 per cubic foot, the tax varies depending on the spot prices of gas and natural gas liquids and the BTU measurement of the gas extracted, but the rates increase in the sixth quarter of production;

(3) For oil extracted from a nonhorizontal well, the tax rate is raised from 10 cents per barrel to 20 cents per barrel;

(4) For gas extracted from a nonhorizontal well, the tax rate is changed from 2.5 cents per thousand cubic feet (MCF) to the lesser of 3 cents per MCF or 1% of the spot market value of gas times volume; and

(5) For gas extracted from a nonhorizontal well that produces fewer than 10 MCF of gas per day over a calendar quarter, the gas extracted from the well is exempt from the severance tax.

Repeals, beginning January 1, 2014, the regulatory cost recovery assessment currently levied on severance of oil and gas at a general rate of 10 cents per barrel or 0.5 cent per MCF, respectively.

(3) No provision.

(4) No provision.

(5) No provision.

No provision.

Executive

In House Finance and Appropriations

Fiscal effect: According to estimates from the Executive Budget, the horizontal well severance tax will increase revenues to the GRF, the Local Government Fund, and the Public Library Fund by a total of \$45 million in FY 2014 and \$155 million in FY 2015; of these amounts, the GRF would retain an estimated \$44 million in FY 2014 and \$150 million in FY 2015. Revenues for two Department of Natural Resources funds, the Geological Mapping Fund (SSR Fund 5110) and the Oil and Gas Well Fund (SSR Fund 5180), will decrease based upon the repeal of the cost recovery assessment, but the losses will be partially offset by higher oil and gas severance receipts from nonhorizontal wells. The net effect of these changes for Fund 5110 and Fund 5180 will likely be a loss over the biennium of a million dollars or more.

Fiscal effect: None.

TAXCD24 Calculation of Post-Assessment Interest

R.C. 3734.907, 3769.088, 4305.131, 5726.20, 5727.26, 5727.89, 5728.10, 5733.11, 5735.12, 5739.13, 5743.081, 5743.56, 5745.12, 5747.13, 5749.07, 5751.09, and 5753.07

Requires the Tax Commissioner to calculate interest charged after an assessment has been issued for any tax debt based on tax liability only instead of based on the total amount due as under current law, which may include interest and penalty. (Maintains current law stipulating that after an assessment is certified to the Attorney General for collection, interest accrues on the entire unpaid portion of the assessment.)

Fiscal effect: May reduce the amount of revenue collected on interest and penalties related to unpaid tax debt.

R.C. 3734.907, 3769.088, 4305.131, 5726.20, 5727.26, 5727.89, 5728.10, 5733.11, 5735.12, 5739.13, 5743.081, 5743.56, 5745.12, 5747.13, 5749.07, 5751.09, and 5753.07

Same as the Executive.

Fiscal effect: Same as the Executive.

Executive

In House Finance and Appropriations

TAXCD4 Revisions to Assessments (beginning in 2014) for Wireless 9-1-1 Charges

R.C. 5507.46

(1) Applies the interest charged for unpaid assessments (60 days past due) for wireless 9-1-1 charges to only the portion that consists of wireless 9-1-1 charges due.
 (2) Removes provisions specifying how the interest and assessments are to be remitted, and removes redundant language regarding the issuance of assessments for collecting interest, the rate and remittance of interest, and the day on which the interest begins to accrue.

Fiscal effect: None.

R.C. 5507.46

(1) Same as the Executive.
 (2) Same as the Executive.

Fiscal effect: Same as the Executive.

TAXCD25 Estate Tax Refunds

R.C. 5703.052

Includes the Estate Tax among other Tax Commissioner-administered taxes for which refunds are paid from the Tax Refund Fund and derived from the receipts of the same tax. (Although the Estate Tax is no longer in effect, refunds may continue to be due for payments in prior years.)

Fiscal effect: May have no fiscal effect; any estate tax refunds would be paid from estate tax receipts.

R.C. 5703.052

Same as the Executive.

Fiscal effect: Same as the Executive.

Executive

In House Finance and Appropriations

TAXCD30 Change in Tax Refund Procedure

R.C. 5703.052

Eliminates a requirement that refunds for any one of several taxes administered by the Tax Commissioner, or for the domestic or foreign insurance tax administered by the Superintendent of Insurance, be paid from sales tax receipts in the event that current receipts from the other tax from which the refund arose are inadequate to cover the amount of the refund. Refunds must still be paid from the Tax Refund Fund (Fund 4250).

Fiscal effect: May reflect current operating procedure, so may have no fiscal effect.

R.C. 5703.052

Same as the Executive.

Fiscal effect: Same as the Executive.

TAXCD26 Change in Notice or Order Requirement

R.C. 5703.37

Requires the Tax Commissioner to deliver a tax notice or order to the intended recipient by ordinary mail, instead of by currently authorized means (certified mail or personal or delivery service) if the recipient does not access an electronic notice or order within ten business days after the Commissioner serves the notice or order electronically a second time, after the Commissioner served the notice or order initially and the recipient did not access the notice or order within ten business days.

Fiscal effect: May reduce Department of Taxation costs, by an undetermined amount.

R.C. 5703.37

Same as the Executive.

Fiscal effect: Same as the Executive.

Executive

In House Finance and Appropriations

TAXCD28 Electronic Payments to Political Subdivision or Party

R.C. 5703.76

Requires that any payment the Tax Commissioner makes to a political subdivision or political party be made electronically. (Payments are made to political parties from the Ohio Political Party Fund, which holds any \$1 designations made on individual income tax returns.)

Fiscal effect: May reduce Department of Taxation costs, by an undetermined amount.

R.C. 5703.76

Same as the Executive.

Fiscal effect: Same as the Executive.

TAXCD31 Elimination of the Discovery Project Fund

R.C. 5703.82

Eliminates the Discovery Project Fund (Fund 5AP0), which has financed the Department of Taxation's implementation and operation of the Tax Discovery Data System.

Fiscal effect: This system, authorized in 2008 by H.B. 562 of the 127th G.A., is now well established. OBM's Bluebook states that the Discovery Project Fund has been supported by GRF transfers, and that elimination of the fund, with resulting increases in the Department's GRF operating appropriation in each fiscal year, will more accurately reflect the funding source for this item.

R.C. 5703.82

Same as the Executive.

Fiscal effect: Same as the Executive.

Executive

In House Finance and Appropriations

TAXCD56

Motor Fuel Excise Tax on Natural Gas

No provision.

R.C. *5735.01, 5735.012, and 5735.013*

Applies the motor fuel excise tax to the use, distribution, or sale of compressed natural gas (continuing law already applies the tax to liquid natural gas). Specifies that, for purposes of applying the per-gallon excise tax to compressed and liquid natural gas, the following amounts shall be equivalent to one gallon: (1) 5.66 pounds of compressed natural gas received through a dispenser that can measure pounds, (2) 126.67 cubic feet of compressed natural gas received through a dispenser that cannot measure pounds, and (3) 6.06 pounds of liquid natural gas (current law measures liquid natural gas in gallons).

Fiscal effect: This provision would increase motor fuel tax (MFT) revenue by up to \$358,000 per year. MFT receipts are allocated to various state funds (the Highway Operating Fund, the Highway Bond Retirement Fund, the Waterways Safety Fund, the Wildlife Boater Angler Fund, and the Motor Fuel Tax Administrative Fund) and local governments (municipalities, counties, and townships). No impact on GRF revenue.

Executive

In House Finance and Appropriations

TAXCD23 Notice to Tax Commissioner of Fuel Dealer Sale or Closing

R.C. 5735.34

Requires a motor fuel dealer that sells or discontinues the dealer's entire business to, within 15 days after the sale or discontinuance, notify the Tax Commissioner in writing that the business has been sold or discontinued and, if the business was sold, the contact information of the purchaser.

Fiscal effect: None.

R.C. 5735.34

Same as the Executive.

Fiscal effect: Same as the Executive.

TAXCD22 Public Library Fund Certification Date

R.C. 5747.47

Changes the date, from July 20 to July 25, by which the Tax Commissioner is required to certify to county auditors the estimated amount each county is to receive from the Public Library Fund (Fund 7065).

Fiscal effect: None.

R.C. 5747.47

Same as the Executive.

Fiscal effect: Same as the Executive.

Executive

In House Finance and Appropriations

TAXCD32 Local Government Fund Distributions

R.C. 5747.501, Section 757.10

Requires that, for FY 2014 and thereafter, distributions to each county from the Local Government Fund (LGF) be at least \$750,000 or the amount distributed to the county in FY 2013, whichever is less. Specifies that if necessary, the proportionate shares of other counties may be adjusted to produce the funds needed to meet the minimum distribution requirement.

Specifies that for July 2013, distributions to the LGF, and from the LGF to each county undivided local government fund and to each municipal corporation receiving direct LGF distributions, be the same amount as was distributed in July 2012.

Fiscal effect: Specifies amounts to be distributed in July 2013. Thereafter, may result in some counties receiving more money from the LGF, and some receiving less, if necessitated by the minimum distribution requirement.

R.C. 5747.501, Section 757.10

Same as the Executive.

Fiscal effect: Same as the Executive.

TAXCD12 Administration of Severance Tax; Disclosure and Electronic Filing

R.C. 5749.06, 5749.17

(1) Requires, beginning January 1, 2014, severance tax payments to be remitted electronically and authorizes the Tax Commissioner to require severance tax returns to be filed electronically.

(2) Authorizes the Department of Natural Resources, beginning on October 1, 2013, to publicly disclose otherwise confidential tax information furnished by the Commissioner solely for enforcing oil and gas regulatory

R.C. 5749.06, 5749.17

(1) Same as the Executive, but specifies that the requirement applies to severers or to owners, as applicable, as opposed to applying to severers only.

(2) Same as the Executive.

Executive

In House Finance and Appropriations

laws.

Fiscal effect: None

Fiscal effect: Same as the Executive.

TAXCD51 Exclusion of Bad Debts in the Definition of Gross Casino Revenue

R.C. 5753.01

Excludes bad debts from the definition of gross casino revenue, for purposes of the tax on that revenue, and defines what constitutes a bad debt.

Fiscal effect: Reduces casino tax revenues by an uncertain amount, potentially up to \$2 million per year. Revenue from the tax is distributed to the Gross Casino Revenue County Fund (Fund 5JG0, 51%), the Gross Casino Revenue County Student Fund (Fund 5JH0, 34%), the Gross Casino Revenue Host City Fund (5JJ0, 5%), the Ohio State Racing Commission Fund (Fund 5JK0, 3%), the Casino Control Commission Fund (Fund 5HS0, 3%), the Problem Casino Gambling and Addiction Fund (Fund 5JL0, 2%), and the Ohio Law Enforcement Training Fund (Fund 5JN0, 2%).

R.C. 5753.01

Same as the Executive.

Fiscal effect: Same as the Executive.

TAXCD43 Income Tax Distributions to Counties

Section: 503.70

Appropriates GRF funds to make any payment required by Section 9 of Article 12 of the Ohio Constitution that not less than 50% of the income, estate, and inheritance taxes collected by the state must be returned to the county, school district, city, village, or township in which such taxes originate.

Section: 503.70

Same as the Executive.

Executive

In House Finance and Appropriations

TAXCD41 Ohio Grapes Industries Fund

Section: 4301.43

Extends through June 30, 2015 the two cents per gallon of wine tax revenue credited to the Ohio Grapes Industries Fund.

Fiscal effect: Maintains revenues to the Ohio Grapes Industries Fund (Fund 4960). Fund 4960 received \$1.1 million in FY 2012 and is estimated to receive about the same amount in FY 2013. Receipts from the wine tax are otherwise credited to the GRF.

Section: 4301.43

Same as the Executive.

Fiscal effect: Same as the Executive.

Appropriation Language

TAXCD44 Homestead Exemption and Property Tax Rollback

Section: 395.10

Requires GRF appropriation item 110901, Property Tax Allocation - Taxation, to be used to pay the state's cost, except to school districts, incurred due to the Homestead Exemption, the Manufactured Home Property Tax Rollback, and the Property Tax Rollback. Requires these funds to be distributed by the Tax Commissioner directly to local taxing districts. Appropriates additional amount if necessary.

Section: 395.10

Same as the Executive.

Executive

In House Finance and Appropriations

TAXCD45 Municipal Income Tax

Section: 395.10

Specifies that appropriation item 110995, Municipal Income Tax, in the Agency Fund Group, be used for payments to municipal corporations under section 5745.05 of the Revised Code. Appropriates additional amount if necessary.

Section: 395.10

Same as the Executive.

TAXCD46 Tax Refunds

Section: 395.10

Specifies that appropriation item 110635, Tax Refunds, in the Agency Fund Group, be used to pay for tax refunds under section 5703.052 of the Revised Code. Appropriates additional amount if necessary.

Section: 395.10

Same as the Executive.

TAXCD47 International Registration Plan Audit

Section: 395.10

Specifies that SSR Fund 4C60 appropriation item 110616, International Registration Plan, be used under section 5703.12 of the Revised Code for audits of persons with vehicles registered under the International Registration Plan.

Section: 395.10

Same as the Executive.

Executive

In House Finance and Appropriations

TAXCD48 Travel Expenses for the Streamlined Sales Tax Project

Section: 395.10

Allows the Tax Commissioner to use funds from SSR Fund 4350 appropriation item 110607, Local Tax Administration, to pay for travel costs to Streamlined Sales Tax Project meetings.

Section: 395.10

Same as the Executive.

TAXCD49 Tobacco Settlement Enforcement

Section: 395.10

Specifies that GRF appropriation item 110404, Tobacco Settlement Enforcement, be used by the Tax Commissioner to pay costs incurred in the enforcement of divisions (F) and (G) of section 5743.03 in the Revised Code.

Section: 395.10

Same as the Executive.

TAXCD50 STARS Development and Implementation Fund

Section: 395.10

Specifies that GSF Fund 5MN0 appropriation item 110638, STARS Development and Implementation, be used to pay costs incurred in the development and implementation of the Department's State Tax Accounting and Revenue System. Requires the Director of Budget and Management to transfer cash, up to \$8 million over the FY 2014-FY 2015 biennium, from the Tax Reform System Implementation Fund, Local Tax Administration Fund, School District Income Tax Fund, Discovery Project Fund, and Motor Fuel Tax Administration Fund into the STARS Development and Implementation Fund.

Section: 395.10

Same as the Executive.

Executive

In House Finance and Appropriations

AGOCD10 Cash Transfers to the Tobacco Oversight Administration and Enforcement Fund

Section: 521.33

Requires the Director of Budget and Management, on July 1, 2013, or as soon as possible thereafter, to transfer the cash balance from the following funds to the Tobacco Oversight Administration and Enforcement Fund (Fund U087) used by the Attorney General:

No provision.

(1) Tobacco Settlement Enforcement Fund (Fund T087) used by the Department of Taxation.

(2) Education Technology Trust Fund (Fund S087) used by eTech Ohio.

(3) Southern Ohio Agricultural Development Trust Fund (Fund K087) used by the Southern Ohio Agricultural and Community Development Foundation.

Abolishes each of the three above-noted funds subsequent to completion of the cash transfer. Cancels any existing encumbrances against their related appropriation items and reestablishes those cancelled encumbrances against TSF Fund U087 appropriation item 055402, Tobacco Settlement Oversight, Administration, and Enforcement. Appropriates the transferred cash and reestablished encumbrances.

No provision.

Requires the Director of Budget and Management, on July 1, 2014, or as soon as possible thereafter, to transfer the cash balance in the Law Enforcement Improvement Trust Fund (Fund J087) to Fund U087. Abolishes Fund J087 subsequent to completion of the cash transfer. Cancels any existing encumbrances against TSF Fund J087

No provision.

Executive

In House Finance and Appropriations

appropriation item 055635, Law Enforcement Technology, Training, and Facility Enhancements, and reestablishes those cancelled encumbrances against TSF Fund U087 appropriation item 055402, Tobacco Settlement Oversight, Administration, and Enforcement. Appropriates the transferred cash and reestablished encumbrances.

Fiscal effect: The amount of cash that could be transferred to Fund U087 is estimated at up to approximately \$145,000 in FY 2014 and as much as \$500,000 or so in FY 2015.

Executive

In House Finance and Appropriations

OBMCD33

Prohibition on Income Tax Reduction Fund Transfers

No provision.

Section: 512.70

Prohibits cash transfers to the Income Tax Reduction Fund (ITRF) prior to July 1, 2015.

Fiscal effect: Any GRF ending balance that exceeds the amount that is needed to bring the Budget Stabilization Fund to its statutory level of 5% of annual GRF revenues will remain in the GRF instead of going to the ITRF.

Executive

In House Finance and Appropriations

Other Education Provisions

EDUCD66 Due Date for Tangible Personal Property Tax Replacement Payments to School Districts

R.C. *5751.21*

Postpones the due date for November tangible personal property tax replacement payments to school districts to the last day of the month (under current law, replacement payments for both fixed-rate and fixed-sum levies are due on May 31 and November 20).

Fiscal effect: Resolves a cash flow issue associated with the replacement payments.

R.C. *5751.21*

Same as the Executive.

Fiscal effect: Same as the Executive.

Executive

In House Finance and Appropriations

SOSCD7 Canceled Corporation Charters

R.C. 1701.86, 317.36, 1701.922, 1703.29, 5703.91, 5703.92, 5703.93

(1) Requires the Secretary of State to confirm with state agencies that a corporation that is voluntarily dissolving does not have any outstanding liabilities.

(1) No provision.

(2) Requires an unlicensed foreign corporation to file a certificate from the Tax Commissioner that the corporation has paid all state taxes, rather than only franchise taxes and penalties as under current law.

(2) No provision.

(3) Requires the Tax Commissioner to certify to the Secretary of State the failure of a for profit corporation or a for profit foreign corporation to file any required reports or returns or to pay any tax or fee within 90 days after the prescribed time for filing.

(3) No provision.

(4) Requires the Secretary of State, after receiving such a certification from the Tax Commissioner to: cancel the articles of incorporation or certificate of authority of a corporation or foreign corporation; immediately notify the corporation, or foreign corporation of the cancellation; forward a certificate of the cancellation action to the county recorder of the county that is the principal place of the corporation's business within the state. Prohibits the county recorder from charging the Secretary of State a fee for the filing.

(4) No provision.

(5) Prohibits a person from exercising or attempting to exercise any powers, privileges or franchises under articles of incorporation that have been cancelled and establishes a penalty of \$100 for each day a person exercises these

(5) No provision.

Executive

In House Finance and Appropriations

powers, with a maximum fine of \$5,000.

(6) Requires the Secretary of State to reinstate a corporation's articles of incorporation or license certificate if the corporation pays any required fees and penalties, files a certificate with the Tax Commissioner affirming its compliance with tax law, and pays a fee of \$25.

(6) No provision.

(7) Permits a certificate of reinstatement to be filed in the applicable county recorder's office and requires the recorder to charge and collect a base fee of \$3 and a fee of \$3 to the Low- and Moderate-Income Housing Trust Fund (Fund 6460).

(7) No provision.

(8) Allows any officer, shareholder, creditor, or receiver of any reinstated corporation to take all steps required to effect reinstatement. Prohibits, if certain conditions are met, the invalidation of an officer's exercise or attempt to exercise any right, privilege, or franchise on behalf of a corporation whose articles of incorporation were canceled from between the time of cancellation and reinstatement.

(8) No provision.

(9) Specifies that the affidavit that may be filed with a certificate of dissolution of a corporation, in lieu of a receipt, certificate, or other evidence, must be in a form prescribed by the Secretary of State.

(9) No provision.

Fiscal effect: Potential increase in cost to the Secretary of State for following these procedures.

Executive

In House Finance and Appropriations

LOCCD5

Allocation of Lodging Tax Revenue by Convention Facilities Authorities

No provision.

R.C. 351.021

Authorizes convention facilities authorities (CFAs) in counties with a population of less than 250,000 to allocate a portion of lodging tax revenue (not exceeding 15% of the total revenue from the tax in the preceding year) to county and municipal tourism facilities and programs, the improvement and maintenance of county fairgrounds, and any other purpose connected with the use of a county fairground.

Fiscal effect: None. Permits additional uses of lodging tax receipts to CFAs in counties with a population of less than 250,000. Under current law, CFAs that levy a lodging tax are required to use the revenue to pay the cost of one or more convention facilities, the principal, interest, and premium on anticipation bonds issued by the CFA to pay those costs, the operating and maintenance costs of convention facilities, and the operating costs of the CFA.

LOCCD6

Joint Economic Development Zone Income Tax Revenue Uses

No provision.

R.C. 715.691

Authorizes municipal corporations and townships that enter into a joint economic development zone (JEDZ) contract to use income tax revenue collected pursuant to the contract for the general purposes of a township that is subject to the contract, instead of existing law that allows the revenue to be used only by the municipal corporations that are a part of the contract.

Executive

In House Finance and Appropriations

Fiscal effect: Allows JEDZs to use income tax generated under these agreements for township needs.
